Financial Statement Audit Coverage Plan for Fiscal Years 2006/2007 through 2008/2009

November 2005

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Mr. Rob Fleming
Chair
Select Standing Committee on Public Accounts
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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Dear Sir:

I have the honour to transmit herewith to the Select Standing Committee on Public Accounts my Financial Statement Audit Coverage Plan for Fiscal Years 2006/2007 through 2008/2009 as required by section 10(6) of the Auditor General Act.

I will also be transmitting this proposal to the Speaker for delivery to all members of the Legislative Assembly.

Wayne Strelioff

Wayne Strelioff, FCA
Auditor General

Victoria, British Columbia
November 2005

copy: Mr. Craig James
Clerk of Committees
Legislative Assembly of British Columbia

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Introduction

The Summary Financial Statements are one of the government's key accountability documents to the citizens of British Columbia. The statements report on the Province's financial results against the financial plan. The statements must be comprehensive, accurate, timely and independently verified to maintain the trust and confidence of all readers.

As auditor of the government reporting entity, I am required to provide my opinion as to whether the Summary Financial Statements of the government of the Province of British Columbia are presented fairly in accordance with Canadian generally accepted accounting principles. My opinion must be based on an examination that is conducted and reported in accordance with Canadian generally accepted auditing standards.

The Auditor General Act indicates that I am the auditor of the Summary Financial Statements and eligible to be the auditor of the financial statements of any government organization or trust fund included in the government reporting entity. Each year, I must provide the Public Accounts Committee with a plan for the appointment of auditors for government organizations and trust funds for the following three years.

The audit coverage plan that I present to the Committee must include:

- a list of government organizations and trust funds that the Auditor General proposes to audit directly;
- a list of government organizations and trust funds for which the Auditor General proposes that other auditors be appointed;
- information about the involvement of the Auditor General in the audit of government organizations and trust funds for which other auditors are appointed;
- the results of consultations held with government organizations and trust funds;
- implications of the plan on the budget of the Auditor General; and
- the criteria and selection process for the appointment of auditors for government organizations and trust funds.

The Auditor General Act requires the Public Accounts Committee to approve the plan, including any amendments the Committee makes to the plan before approving it.

In November 2004, the Public Accounts Committee approved my last plan for audit coverage for fiscal years 2005/2006, 2006/2007 and 2007/2008. Each year I also present for the Committee's approval any changes to the previous year's plan as well as the plan for audit coverage for the next year in the progression (in this report, that of 2008/2009).

Financial Statement Audit Coverage Plan for Fiscal Years 2006/2007 Through 2008/2009

Proposed distribution of financial statement audit responsibilities for government organizations

The government's Summary Financial Statements include financial information from the financial statements of all the organizations included in the government reporting entity. In the 2006/2007 fiscal year, the government reporting entity is anticipated to include 152 organizations. Of those, there will be 6 universities, 20 colleges, 60 school districts, 6 health authorities, 10 hospital societies, 44 Crown corporations, 1 regional authority and 5 funds. My Office also directly audits the 19 ministries of government that make up the Consolidated Revenue Fund.

Changes in coverage from our previously approved plan for the 2005/2006, 2006/2007 and 2007/2008 fiscal years are shown in Appendix A, along with an explanation for each change. The full audit coverage plan, including that which I am proposing for 2008/2009, is set out in Appendix B.

I propose to be the auditor of 24, 23 and 19 government organizations for the fiscal years 2006/2007, 2007/2008 and 2008/2009 respectively. Conversely, auditors other than the Auditor General will audit 128, 126 and 130 government organizations in the fiscal years 2006/2007, 2007/2008 and 2008/2009 respectively.

The coverage plan enables the Auditor General to be the auditor of organizations across all sectors of government (i.e. health, education, social services, natural resources, transportation, protection of persons and property). It also provides for the Auditor General to

be the auditor of a representative number of organizations that are homogeneous populations in terms of risks and issues(i.e. colleges, school districts, health authorities and hospital societies).

The Auditor General will also be the auditor for, or at least have a significant level of involvement in the audits of, government organizations that:

- have a significant impact on the Summary Financial Statements;
- deliver a core service or have a significant public policy role;
- are subject to a high level of public interest in the program/ services being delivered or in current or future issues;
- are significantly funded through appropriations;
- present an inherently high risk to the government with respect to the programs they operate or the role they fulfil; or
- are complex.

The Auditor General Act also allows the Auditor General to elect to be the auditor of a newly created government organization or trust fund for the first three years of the organization's or trust fund's existence. The plan included in Appendix A includes one such organization, Community Living BC, for which I have made this election.

The coverage plan is designed to meet professional standards. Both the Auditor General Act and my profession require me to follow Canadian generally accepted auditing standards. Those standards require the auditor signing the audit opinion on a set of financial statements to have sufficient knowledge of the operations of the organizations making up the financial statements being audited to determine whether the information contained within the financial statements is complete and has been fairly presented.

This knowledge can be obtained through directly auditing the majority of total assets, liabilities, revenues or expenses. It can also be obtained by extending our procedures as necessary, which involves reviewing audit plans and files prepared by other auditors, determining how issues identified during the audit are resolved, and participating in communications with audit committees or their equivalent. These procedures are an integral part of the audit process that provides me with a basis to sign the auditor's report on the Summary Financial Statements and to meet my legislated and professional obligations.

In this coverage plan, I will not directly audit the majority of the government's total assets, liabilities, revenues or expenses. I will, however, be extending my procedures in 20, 22 and 24 government organizations where I am not the appointed auditor for the fiscal years 2006/2007, 2007/2008 and 2008/2009 respectively.

The proposed coverage plan meets Canadian generally accepted auditing standards. In my opinion, it is the minimum required audit coverage to permit me to sign the audit opinion on the government's Summary Financial Statements.

Request for approval to be appointed as auditor of a government organization or a trust fund for a period of more than 5 consecutive fiscal years

The coverage plan is based on the requirement in the Auditor General Act that I will undertake the financial statement audit of government organizations for only a limited period of time (not to exceed five years) before rotating to audit other government organizations, unless special requests for exemptions are made to the Public Accounts Committee. At the time that the Auditor General Act was being drafted in 2002/2003, one of the safeguards being contemplated in the auditing profession was to make audit firms rotate their audit engagements on a regular basis. The concept was to avoid familiarity risks that could compromise independence and objectivity. Since the Act was passed in March 2003, the profession has standardized on rotating senior personnel within their firms, as well as other safeguards. My Office has also adopted these standards of staff rotation.

Another goal we have is to ensure we keep up-to-date on issues throughout the provincial public sector, which we do in part by changing our level of involvement throughout the system over time.

I am requesting approval of the Public Accounts Committee to extend my appointment as the financial statement auditor of several government organizations and trust funds for a period of more than five consecutive fiscal years:

BC Assessment Authority

BC Securities Commission

BC Transportation Financing Authority

Columbia Power Corporation

Liquor Distribution Branch
Oil and Gas Commission
Public Guardian and Trustee
Tourism BC
Vancouver Trade and Convention Centre Expansion Project
Workers' Compensation Board

There are number of reasons to support why our Office should remain as the financial statement auditor of some entities beyond the standard rotation period. In some cases it allows us to maintain more in-depth knowledge of issues in particular government sectors, such as natural resources. This also helps us in other lines of business, such as carrying out risk management assessments.

In other instances there are organizations such as the Liquor Distribution Branch and the Transportation Financing Authority that are already integral part of ministries that we audit. With respect to the Public Guardian and Trustee, Workers' Compensation Board, and the BC Assessment Authority, our Office has been or will be providing audit assurance on the annual reports of these organizations, so it would be much more efficient to maintain our relationship as both the financial statement and annual report auditor.

In the case of the BC Securities Commission, most private sector assurance firms are significantly involved in auditing financial statements of entities that the Commission regulates. We agree with the Commission that it would be difficult to find an audit firm that would have both the capacity and be sufficiently independent to conduct its financial statement audit. Since our Office is independent by legislation, it appears to be an appropriate relationship to continue.

A final consideration relates to the ongoing capacity development needs of our staff. Our Office is a licensed practicing organization for training students to become professional accountants. A significant responsibility is to ensure that the students receive sufficient and appropriate experience. In the past we have found that experience gained on Crown Agency or Corporation audits is very valuable to the students in helping them to develop as professional accountants, many of whom will likely become our future senior staff or will work in other parts of the provincial public sector. Retaining a few of these types of audit engagements helps our Office to maintain its future capacity.

As required in our Act, we have had consultations with the governing boards of each of the entities listed above, all of whom concur with our planned approach to remain as their financial statement auditor.

Request for approval to be the appointed auditor of organizations outside the government reporting entity

Section 14 of the Auditor General Act permits the Auditor General to be appointed, with prior consent of the Public Accounts Committee, as the auditor of an organization that is outside the government reporting entity. The committee also specifies the term of the permitted appointment.

Under section 14 of the Auditor General Act, I am requesting approval of the Public Accounts Committee to extend my appointment as the financial statement auditor of the Workers' Compensation Board. Although the finances of the Board are not consolidated within the government reporting entity, the results are disclosed in the audited notes to the government's summary financial statements.

In November 2003, I requested and received approval by the Public Accounts Committee to continue to be the appointed auditor for a three-year period. I now seek your approval to continue as the appointed auditor on an ongoing basis. This is a significant organization that serves a key role for all citizens. My Office has also been working with this organization and providing audit assurance on its annual performance reports, assessed against the BC Reporting Principles.

I believe that is more efficient to have the same auditors for the financial statements and annual performance reports. To safeguard our independence and objectivity, we have rotated the senior staff on this engagement, consistent with industry practice.

Consultation process and results

In developing my first Financial Statement Audit Coverage Plan, approved by the Public Accounts Committee in November, 2003, I undertook a comprehensive consultation process with all government organizations, including those I proposed to audit and those where I was not proposing to be the appointed auditor.

The consultations were held with engagement partners from private sector auditing firms, chief executive officers, chairs of governance boards and chairs of audit committees, where these existed. In most cases, the consultations were conducted directly, in person or by telephone. For school districts and colleges, which are numerous and geographically dispersed, the consultations were conducted primarily through correspondence. All the government organizations consulted with agreed with the proposed audit coverage.

In the current year, consultations were held only with those organizations for which the appointed auditor had shifted based on the previous plan, or is planned to shift in the 2008/2009 fiscal year.

All government organizations consulted with agreed with the proposed audit coverage.

Impacts of the Financial Statement Audit Coverage Plan on the budget of the Office of the Auditor General

The proposed Financial Statement Audit Coverage Plan will have a small impact on my budget (appropriation) for the fiscal years 2006/2007 through 2008/2009.

My practice is to charge organizations for financial statement audit services at the lower of our full cost recovery or market. Fees charged by private sector firms for financial statement audit services are monitored where relevant, and our billings are not above market rates.

The plan includes varying levels of involvement by my Office. Where I am the appointed auditor of an organization, my Office will continue to charge for services provided. Where I am not the appointed auditor, but need to extend my procedures to meet professional standards, my staff will work with the organization to determine an appropriate fee for this work. The fee proposals that were presented during the consultations held with government organizations were accepted.

The level of involvement my Office has with government organizations will change over time for each organization and, therefore, so will the related fees. The proposed mix of appointed auditors and extended procedures for fiscal 2006/2007 will result in a small decrease in related recoveries over fiscal 2005/2006. Over

the three-year period covered by this plan, recoveries related to the plan are expected to remain fairly consistent from year-to-year and will have a minimal impact on my budget.

Administration of the auditor appointment process

The governance board of each government organization appoints its financial statement auditor—either the Auditor General, if approved by the Public Accounts Committee, or another auditor selected by the board. I will communicate the Committee's decision annually in writing to the board of each government organization following approval of the Financial Statement Audit Coverage Plan by the Public Accounts Committee.

When the approved coverage plan calls for a government organization to appoint an auditor from the private sector, I recommend the use of a competitive process that is consistent with sound public sector procurement practices to secure audit services that meet the board's needs and provides good value for money. I also recommend selection criteria that assess auditor capability, audit strategy, and price.

My staff will continue to assist boards and audit committees in the selection and appointment of auditors by:

- providing a template for a Request for Proposal, including a model Service Agreement for audit services;
- providing information about the availability of fee-for-service process support from the Purchasing Services group in the Ministry of Labour and Citizens' Services; and
- being available to provide advice on specific issues, or more active advisory participation in the selection and appointment process.

I will also request that boards of government organizations include provisions for the appropriate involvement of the Auditor General in service agreements with their financial statement auditors.

Recommendations

I ask the Select Standing Committee on Public Accounts to:

1. approve the changes from the previously approved plan for the fiscal years 2005/2006 through 2007/08 as identified in Appendix A of this report.
2. approve the Financial Statement Audit Coverage Plan for the fiscal year 2008/2009 as presented in Appendix B of this report.
3. approve the Auditor General appointment term of 10 government organizations and trust funds for a period of more than 5 consecutive fiscal years as identified in this report.
4. approve the Auditor General to continue to be the appointed auditor of 1 organization outside of the government reporting entity—the Workers' Compensation Board.
5. endorse the Auditor General to continue to administer the auditor appointment process as described in this report.

Appendix A: Audit Coverage Plan Variance for the fiscal years 2005/2006 through 2007/2008

Organization Name Fiscal 2005/2006	Previously Reported Fiscal 2005/2006 auditor	Revised Plan Fiscal 2005/2006 auditor	Explanation
Colleges			no changes
School Districts			no changes
Universities			no changes
Health Authorities			no changes
Hospital Societies			no changes
Trust Funds			
Public Guardian & Trustee (Operations)	**	Auditor General	Preferable to have the same auditor for financial statement and annual report assurance
Children and Family Services Regional Authorities			
Community Living BC		Auditor General	New entity created during the year, replacing the Interim Authority for Community Living
Crown Corporations			
British Columbia Buildings Corporation	**		Corporation is being wound up
British Columbia Immigrant Investment Fund		Auditor General	Asked by entity to be auditor one extra year
Legal Services Society	**		Due to a change in oversight approach
Oil and Gas Commission	**	Auditor General	Window into the industry
Rapid Transit Project 2000 Ltd.	**		Expected to have ceased operations
Royal BC Museum	**		Due to a change in oversight approach

Organization Name Fiscal 2006/2007	Previously Reported Fiscal 2006/2007 auditor	Revised Plan Fiscal 2006/2007 auditor	Explanation
Colleges			no changes
School Districts			no changes
Universities			no changes
Health Authorities			no changes
Hospital Societies			no changes
Trust Funds			
Public Guardian & Trustee (Operations)	**	Auditor General	Preferable to have the same auditor for financial statement and annual report assurance
Children and Family Services Regional Authorities			
Community Living BC		Auditor General	New entity, replacing the Interim Authority for Community Living
Crown Corporations			
British Columbia Buildings Corporation	**		Corporation is being wound up
Legal Services Society	**		Due to a change in oversight approach
Oil and Gas Commission	**	Auditor General	Window into the industry
Partnerships BC	Auditor General	**	We will have been their auditors for five years. The board will consider changing auditors.
Royal BC Museum	**		Due to a change in oversight approach
Rapid Transit Project 2000 Ltd.	**		Expected to have ceased operations

Organization Name Fiscal 2007/2008	Previously Reported Fiscal 2007/2008 auditor	Revised Plan Fiscal 2007/2008 auditor	Explanation
Colleges			no changes
School Districts			no changes
Universities			no changes
Health Authorities			no changes
Hospital Societies			no changes
Trust Funds			
Public Guardian & Trustee (Operations)	**	Auditor General	Preferable to have the same auditor for financial statement and annual report assurance
Children and Family Services Regional Authorities			
Community Living BC		Auditor General	New entity, replacing the Interim Authority for Community Living
Crown Corporations			
British Columbia Assessment Authority	**	Auditor General	Preferable to have the same auditor for financial statement and annual report assurance
British Columbia Buildings Corporation	**		Wound up
Land and Water British Columbia	Auditor General		Assuming it is wound up
Legal Services Society	**		Due to a change in oversight approach
Oil and Gas Commission	**	Auditor General	Window into the industry
Partnerships BC	Auditor General	**	Fifth year as auditors. The board will consider changing auditors

Organization Name Fiscal 2007/2008	Previously Reported Fiscal 2007/2008 auditor	Revised Plan Fiscal 2007/2008 auditor	Explanation
Rapid Transit Project 2000 Ltd	**		Expected to have ceased operations
Royal BC Museum	**		Due to a change in oversight approach
Tourism BC	**	Auditor General	Significant Crown in the tourism sector. Direct link to the third largest industry in province

Key:

Auditor General - the Auditor General is the appointed auditor

Blank cells - an auditor other than the Auditor General is the appointed auditor

**an auditor other than the Auditor General is the appointed auditor, but the Auditor General carries out extended procedures to support reliance

Appendix B: Financial Statement Audit Coverage Plan for the fiscal years 2006/2007 through 2008/2009

Organization Name	Fiscal 2006/2007	Fiscal 2007/2008	Fiscal 2008/2009
	Auditor	Auditor	Auditor
Colleges			
British Columbia Institute of Technology	**	**	**
Camosun College			
Capilano College		**	**
College of New Caledonia			
College of the Rockies			
Douglas College			**
Emily Carr Institute of Art and Design			
Institute of Indigenous Government			
Justice Institute of British Columbia			
Kwantlen University College			
Langara College	Auditor General	Auditor General	Auditor General
Malaspina University College	**	**	
Nicola Valley Institute of Technology			
North Island College			
Northern Lights College			
Northwest Community College			
Okanagan University College			
Selkirk College			
University College of the Fraser Valley			
Vancouver Community College	**		
School Districts			
School District No. 5 (South East Kootenay)			
School District No. 6 (Rocky Mountain)			
School District No. 8 (Kootenay Lake)			
School District No. 10 (Arrow Lakes)			
School District No. 19 (Revelstoke)			
School District No. 20 (Kootenay-Columbia)		**	**
School District No. 22 (Vernon)			

Organization Name	Fiscal 2006/2007	Fiscal 2007/2008	Fiscal 2008/2009
	Auditor	Auditor	Auditor
School District No. 23 (Central Okanagan)			
School District No. 27 (Cariboo-Chilcotin)			
School District No. 28 (Quesnel)			
School District No. 33 (Chilliwack)			
School District No. 34 (Abbotsford)			
School District No. 35 (Langley)			
School District No. 36 (Surrey)			
School District No. 37 (Delta)			
School District No. 38 (Richmond)	Auditor General	Auditor General	Auditor General
School District No. 39 (Vancouver)			
School District No. 40 (New Westminster)			
School District No. 41 (Burnaby)			
School District No. 42 (Maple Ridge-Pitt Meadows)			
School District No. 43 (Coquitlam)			
School District No. 44 (North Vancouver)			
School District No. 45 (West Vancouver)			
School District No. 46 (Sunshine Coast)			
School District No. 47 (Powell River)			
School District No. 48 (Howe Sound)			
School District No. 49 (Central Coast)			
School District No. 50 (Haida Gwaii-Queen Charlotte)			
School District No. 51 (Boundary)			
School District No. 52 (Prince Rupert) (small)		**	**
School District No. 53 (Okanagan-Similkameen)			
School District No. 54 (Bulkley Valley)			
School District No. 57 (Prince George) (Med)			
School District No. 58 (Nicola-Similkameen)			
School District No. 59 (Peace River South)			
School District No. 60 (Peace River North)			
School District No. 61 (Greater Victoria)			

Organization Name	Fiscal 2006/2007	Fiscal 2007/2008	Fiscal 2008/2009
	Auditor	Auditor	Auditor
School District No. 62 (Sooke)			
School District No. 63 (Saanich) (Med)	**	**	
School District No. 64 (Gulf Islands)			
School District No. 67 (Okanagan-Skaha)			
School District No.68 (Nanaimo-Ladysmith) (Med)	Auditor General	Auditor General	Auditor General
School District No. 69 (Qualicum)			
School District No. 70 (Alberni)			
School District No. 71 (Comox Valley)			
School District No. 72 (Campbell River)			
School District No. 73 (Kamloops-Thompson) (Med)			
School District No. 74 (Gold Trail)			
School District No. 75 (Mission)			
School District No. 78 (Fraser-Cascade)			
School District No. 79 (Cowichan Valley)			
School District No. 81 (Fort Nelson)			
School District No. 82 (Coast Mountains)			
School District No. 83 (North Okanagan-Shuswap)			
School District No. 84 (Vancouver Island West)			
School District No. 85 (Vancouver Island North)			
School District No. 87 (Stikine)			
School District No. 91 (Nechako Lakes)			
School District No. 92 (Nisga'a)			
School District No. 93 (Francophone Education Authority)			
School District 99 consolidation	Auditor General	Auditor General	Auditor General
Universities			
Royal Roads University			
Simon Fraser University	**	**	**

Organization Name	Fiscal 2006/2007	Fiscal 2007/2008	Fiscal 2008/2009
	Auditor	Auditor	Auditor
Thompson Rivers University [formerly University College of the Cariboo]			
University of British Columbia	Auditor General	Auditor General	Auditor General
University of Northern British Columbia		**	**
University of Victoria	**	**	**
Health Authorities			
Fraser Health Authority	Auditor General	**	**
Interior Health Authority	**	**	**
Northern Health Authority	**	**	**
Provincial Health Services Authority	**	Auditor General	Auditor General
Vancouver Coastal Health Authority	**	**	**
Vancouver Island Health Authority	**	Auditor General	Auditor General
Hospital Societies			
Bella Colla General Hospital			
Louis Brier Home and Hospital			
Menno Hospital			
Mount St. Mary Hospital			
Nisga'a Valley Health Board			
Providence Health Care [includes: Chara Health Care Society, Holy Family Hospital, St. Paul's Hospital]	**	**	**
R.W. Lodge Memorial Hospital			
St. Joseph's General Hospital			
St. Michael's Centre			
Wrinch Memorial Hospital			
Children and Family Services Regional Authorities			
Interim Authority for Community Living Services	wound up	n/a	n/a
Community Living BC^	Auditor General	Auditor General	**

Organization Name	Fiscal 2006/2007	Fiscal 2007/2008	Fiscal 2008/2009
	Auditor	Auditor	Auditor
Trust Funds			
BC Public Service Long Term Disability Plan			
BC Rail Ltd. Pension Plan			
Members of the Legislative Assembly Superannuation Account			
Public Guardian & Trustee (Estates & Trusts)	Auditor General	Auditor General	Auditor General
Provincial Employees Community Services Fund	Auditor General	Auditor General	Auditor General
Crown Corporations			
552513 BC Ltd	Auditor General	assume wound up	n/a
British Columbia Assessment Authority	Auditor General	Auditor General	Auditor General
British Columbia Buildings Corporation	assume wound up	n/a	n/a
British Columbia Festival of the Arts Society [Aug Y/E]			
British Columbia Games Society			
British Columbia Housing Management Commission	**	**	**
British Columbia Hydro Power Authority	**	**	**
British Columbia Immigrant Investment Fund Ltd.			
British Columbia Lottery Corporation	**	**	**
British Columbia Pavilion Corporation	Auditor General	Auditor General	Auditor General
British Columbia Railway Company [Dec Y/E]	**	**	**
British Columbia Securities Commission	Auditor General	Auditor General	Auditor General
British Columbia Transit	**	**	**
British Columbia Transmission Corp	Auditor General	Auditor General	**
British Columbia Transportation Financing Authority	Auditor General	Auditor General	Auditor General
Canadian Blood Services			
Columbia Basin Trust			
Columbia Power Corporation	Auditor General	Auditor General	Auditor General
Credit Union Deposit Insurance			
Creston Valley Wildlife Management Authority			
First Peoples' Heritage, Language & Culture Council			

Organization Name	Fiscal 2006/2007	Fiscal 2007/2008	Fiscal 2008/2009
	Auditor	Auditor	Auditor
Forensic Psychiatric Services Commission			
Forestry Innovation Investment Ltd.	Auditor General	Auditor General	
Homeowner Protection Office			
Industry Training Authority	Auditor General	Auditor General	
Innovation and Science Council of British Columbia			
Insurance Corporation of British Columbia [Dec Y/E]	**	**	**
Land and Water BC	Auditor General	assume wound up	n/a
Leading Edge Endowment Fund Society			
Legal Services Society			
Liquor Distribution Branch	Auditor General	Auditor General	Auditor General
Oil and Gas Commission	Auditor General	Auditor General	Auditor General
Open Learning Agency			
Organized Crime Agency of BC			
Pacific Technology Resources Society			
Partnerships British Columbia	**	**	**
Private Career Training Institutions Agency			
Provincial Capital Commission			**
Provincial Rental Housing Corporation	**	**	**
Public Guardian & Trustee (Operations)	Auditor General	Auditor General	Auditor General
Rapid Transit Project 2000 Ltd.			
Royal BC Museum			
Tourism British Columbia	Auditor General	Auditor General	Auditor General
Vancouver Convention Centre Expansion Project	Auditor General	Auditor General	Auditor General
Vancouver Trade and Convention Centre Authority	assume wound up	n/a	n/a

Key:

Auditor General – the Auditor General is the appointed auditor.

Blank cells – an auditor other than the Auditor General is the appointed auditor.

^ New entity

** Extended procedures to support reliance by the Auditor General.

Appendix C: Auditor General Act

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IMPORTANT INFORMATION

[Current to B.C. Regulations Bulletin May 12, 2003]

AUDITOR GENERAL ACT
[SBC 2003] CHAPTER 2

Assented to March 12, 2003

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Definitions

1 (1) In this Act:

"audit" means an audit conducted in accordance with generally accepted auditing and assurance standards;

"Auditor General" means the Auditor General appointed under section 2;

"committee" means the committee of the Legislative Assembly that the Legislative Assembly has specified for the purpose;

"government" means the government as reported through the consolidated revenue fund;

"organization" means a corporation or an unincorporated body;

"trust fund" means a fund held in trust by

(a) the government,

(b) a minister, or

(c) a government organization.

(2) To the extent that this Act does not otherwise define a word or expression used in this Act,

(a) the definitions in the *Budget Transparency and Accountability Act* apply, and

(b) the definitions in the *Financial Administration Act* apply if those definitions are made to apply to the *Budget Transparency and Accountability Act* in accordance with section 1 (2) of that Act.

Appointment of Auditor General

2 (1) The Auditor General and an acting Auditor General are officers of the Legislature.

(2) The Legislative Assembly, by resolution, may appoint a person to be the Auditor General.

(3) An Auditor General holds office

(a) on being appointed to a first term, for 6 years, and

(b) if appointed for a second term, for a period of up to 6 years as specified in the reappointment resolution.

(4) The Legislative Assembly must not appoint a person under subsection (2) who has not previously been appointed Auditor General, unless the committee unanimously recommends the appointment of the person.

(5) The Legislative Assembly must not appoint an Auditor General for a second term under subsection (2) unless

(a) the Auditor General notifies the committee at least 6 months before the end of the first term that he or she wishes to be considered for reappointment, and

(b) the committee unanimously recommends the reappointment within 60 days of being notified by the Auditor General under paragraph (a).

(6) A person must not be appointed under subsection (2) for a third or subsequent term.

Oath of office

3 Before assuming office, the Auditor General or acting Auditor General must take an oath before the Clerk of the Legislative Assembly to exercise the powers and perform the duties of the Auditor General faithfully and impartially.

Remuneration and expenses

4 (1) The Auditor General must be paid out of the consolidated revenue fund a salary equal to that of the chief judge of the Provincial Court of British Columbia.

(2) The Auditor General must be reimbursed for reasonable travelling and out of pocket expenses necessary to exercise the powers and perform the duties of the Auditor General.

Application of Public Sector Pension Plans Act

5 (1) The public service plan as defined in section 1 of the *Public Sector Pension Plans Act* applies to the Auditor General.

(2) To calculate the amount of a pension under the public service plan for the Auditor General holding that office on the coming into force of this Act,

(a) each year of service as Auditor General must be counted as 1 1/2 years of pensionable service, and

(b) paragraph (a) does not apply to a year of service as Auditor General served after the end of the term as Auditor General that was being served on the coming into force of this Act.

Resignation, removal or suspension of Auditor General

6 (1) The Auditor General may resign from office at any time by giving written notice

(a) to the Speaker of the Legislative Assembly, or

(b) if the Speaker is absent from British Columbia or there is no Speaker, to the Clerk of the Legislative Assembly.

(2) By a resolution passed by 2/3 or more of the members present in the Legislative Assembly, the Auditor General, for cause or incapacity, may be suspended from office, with or without salary, or removed from office.

(3) If the Legislative Assembly is not sitting and is not scheduled to sit within 5 days, the committee may suspend, by unanimous resolution, the Auditor General for cause or incapacity, with or without salary, for a period that must be set by the committee to end not later than on the expiry of a further 20 sitting days of the Legislative Assembly.

Appointment of acting Auditor General

7 (1) If the Auditor General is suspended or the office is vacant, the Legislative Assembly, on the recommendation of the committee, may appoint an acting Auditor General to exercise the powers and perform the duties of the Auditor General until an appointment is made under section 2 or the suspension ends.

(2) If the Auditor General is suspended or the office is vacant, and if the Legislative Assembly is not sitting and is not scheduled to sit within 5 days, the committee may appoint an acting Auditor General to exercise the powers and perform the duties of the Auditor General

(a) if the Auditor General is suspended under section 6 (2), until the suspension ends,

(b) if the Auditor General is suspended under section 6 (3), for the period set by the committee under that subsection, or

(c) if the office of Auditor General is vacant, until an appointment is made under section 2.

Staff

8 (1) The Auditor General may appoint, in accordance with the *Public Service Act*, a deputy Auditor General and the other employees necessary for the exercise of the powers and the performance of the duties of the Auditor General.

(2) The Auditor General may engage and set the remuneration for the persons, in capacities other than as employees, that the Auditor General considers necessary for the exercise of the powers and the performance of the duties of the Auditor General.

(3) For purposes of the application of the *Public Service Act* to this section, the Auditor General is a deputy minister.

Confidentiality

9 The Auditor General, or a person appointed or engaged under section 8, must keep in confidence all information obtained in the exercise of a power or in the performance of a duty of the Auditor General and must not communicate this information to any person except

(a) in the course of the administration of an enactment, or

(b) in court proceedings.

Auditor appointment

10 (1) The Auditor General is the auditor of the government reporting entity.

(2) The Auditor General is the auditor of each

(a) ministry,

(b) office administered by

(i) an officer of the Legislature, or

(ii) the person appointed commissioner under section 14 of the *Members' Conflict of Interest Act*, and

(c) fund or appropriation that is part of the consolidated revenue fund.

(3) The auditor for a government organization or a trust fund is,

(a) if the Auditor General has elected to be the auditor in accordance with subsection (4), the Auditor General during the fiscal years covered under that subsection, or

(b) if the Auditor General has not elected to be the auditor in accordance with subsection (4), the auditor appointed in accordance with the plan approved under subsection (9).

(4) The Auditor General may elect to be the auditor of a government organization or a trust fund for any of the first 3 fiscal years of the government organization or a trust fund.

(5) Except as provided in the plan approved under subsection (9), the Auditor General must not be appointed as auditor of a government organization or a trust fund for a period of more than 5 consecutive fiscal years of the government organization or trust fund.

(6) The Auditor General must provide to the committee during each fiscal year of the government a plan for the appointment of auditors for government organizations and trust funds for the following 3 fiscal years of the government.

(7) A plan provided to the committee under subsection (6) must include the following information:

(a) a list of the government organizations and trust funds for which the Auditor General proposes that the Auditor General be appointed;

(b) a list of the government organizations and trust funds for which the Auditor General proposes that other auditors be appointed;

(c) the implications of the plan on the budget of the Auditor General;

(d) a request for exemption from the prohibition in subsection (5) against being appointed auditor of a government organization or a trust fund for a period of more than 5 consecutive fiscal years of the government organization or a trust fund;

(e) the criteria and selection process for the appointment of the auditors of government organizations and trust funds;

(f) the involvement of the Auditor General in the audit process for government organizations and trust funds, for which auditors other than the Auditor General are the auditors;

(g) a summary of consultations in respect of the plan, with officials of those government organizations and trust funds referred to in paragraph (b).

(8) Together with the plan under subsection (6), the Auditor General may provide the committee with an assessment of the financial statement audit process for all government organizations and trust funds.

(9) The committee must approve the plan, including any amendments the committee makes to the plan before giving its approval.

(10) The Auditor General must administer the auditor appointment process in accordance with the plan approved under subsection (9).

(11) If a government organization or trust fund appoints an auditor, or is required under its constitution, articles, bylaws or trust instrument to appoint an auditor, or if an auditor is appointed for it by or in accordance with another enactment, the appointment or requirement to appoint by or under the constitution, articles, bylaws, trust instrument or other enactment does not apply if the plan approved under subsection (9) provides for the appointment of a different auditor.

(12) In this section, except in subsection (2), **"auditor"** means an auditor of financial statements.

Mandate

11 (1) The Auditor General must report each year, in accordance with generally accepted auditing and assurance standards, to the Legislative Assembly on the financial statements of the government reporting entity.

(2) The report under subsection (1) must state whether these financial statements are presented fairly in accordance with generally accepted accounting principles.

(3) The auditor in accordance with section 10 (3) must report each year on the financial statements of the government organizations and of the trust funds, in accordance with generally accepted auditing and assurance standards, to

> (a) the boards of management of the government organizations and the trustees of the trust funds to which the appointment is made, and

(b) the minister responsible.

(4) An auditor of a government organization or a trust fund must audit the government organization or a trust fund as the Auditor General considers advisable to enable the Auditor General to exercise the powers and perform the duties of the Auditor General.

(5) For the purposes of subsection (4), the Auditor General may conduct or cause to be conducted any further examinations that the Auditor General considers advisable.

(6) The Auditor General may audit an individual or organization in relation to

(a) a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by, or

(b) the collection of money for or on behalf of,

the government, a government organization or a trust fund.

(7) An audit under subsection (6) must be limited to whether any terms and conditions applicable in respect of

(a) a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by the government, government organization or a trust fund, or

(b) the collection referred to in subsection (6) (b)

have been fulfilled.

(8) The Auditor General must report to the Legislative Assembly one or more times each fiscal year of the government and call attention to anything resulting from the work undertaken to exercise the powers and perform the duties of the Auditor General that the Auditor General considers should be brought to the attention of the Legislative Assembly, including any assessments concerning whether

(a) financial and administrative provisions of Acts and regulations under those Acts have been complied with,

(b) the government, a government organization or a trust fund is operating economically, efficiently and effectively,

(c) the procedures established by the government, government organizations or trust funds to measure and report on the effectiveness of their programs are adequate and complied with,

(d) the accountability information provided to the Legislative Assembly by the government, government organizations and trust funds with respect to the results of their programs is adequate,

(e) the terms and conditions applied in respect of a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by the government, a government organization or a trust fund to any individual or another organization have been complied with, and

(f) the terms and conditions applied in respect of a collection of money on behalf of the government, a government organization or by or on behalf of a trust fund have been complied with.

(9) A report under subsection (8) or section 12 or an examination under section 13 must not call into question the merits of program policies or objectives of the government, a government organization or a trust fund.

(10) A report under subsection (8) must

(a) be transmitted by the Auditor General to the Speaker,

(b) if the Legislative Assembly is sitting or is scheduled to sit within 5 days of the Speaker receiving the report, be laid by the Speaker before the Legislative Assembly as soon as possible,

(c) if the Legislative Assembly is not sitting and is not scheduled to sit within 5 days of the Speaker receiving the report, be forwarded by the Speaker to all members of the Legislative Assembly as soon as possible and released to the public, and

(d) be referred by the Legislative Assembly to the Select Standing Committee on Public Accounts as soon as possible.

(11) The Auditor General must transmit a report issued under

subsection (1) to the Minister of Finance at least 7 days before the report is transmitted to the Speaker of the Legislative Assembly.

(12) The Auditor General must transmit a report issued under subsection (8) to the ministry responsible for the administration of the matter included in the report at least 7 days before that report is transmitted to the Speaker of the Legislative Assembly.

Other reports

12 The Auditor General may make a report at any time to the Legislative Assembly, a minister, the Treasury Board, the Executive Council or an officer or employee of the government or of a government organization that, in the opinion of the Auditor General, should be made to that person or organization.

Other examinations

13 (1) The Auditor General may undertake an examination

(a) respecting the government, a government organization or a trust fund, or

(b) in relation to a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by the government, a government organization or a trust fund.

(2) An examination must be undertaken under subsection (1) on a request by the Legislative Assembly or a committee.

(3) An examination may be undertaken under subsection (1) on the request of a person or an organization other than the Legislative Assembly or a committee if the Auditor General is satisfied that

(a) it is in the public interest to undertake the examination, and

(b) the undertaking of the examination will not interfere with the discharge of the responsibilities of the Auditor General.

(4) A summary of the findings of the Auditor General resulting from

examinations undertaken under subsection (1) must be reported each year to the Legislative Assembly.

Auditing outside the government reporting entity

14 The Auditor General, with the prior consent of the committee, may agree to be appointed, for a term specified by the committee, as the auditor of an organization other than a government organization or a trust fund.

Staff in government or government organizations

15 (1) The Auditor General may place a person appointed or engaged under section 8 in any part of the government or of a government organization to assist the Auditor General to exercise the powers and perform the duties of the Auditor General.

(2) If a person is placed, under subsection (1), in a part of the government or a government organization, office accommodation in the part must be provided for that person by the managers of that part.

(3) Each person employed with the Auditor General who is to examine the accounts or the administration of the government or of a government organization under this Act must comply with security requirements applicable to persons employed in the government or the government organization.

Access to information, documents or things

16 Despite any other enactment, the Auditor General, in the conduct of the Auditor General's duties, must be given access to records, information and any explanations required from a person or organization for the Auditor General to exercise the powers and perform duties of the Auditor General.

Summons and requests

17 (1) The Auditor General may

(a) summons the attendance of witnesses,

(b) request that witnesses give evidence on oath or in any other manner, and

(c) request that witnesses produce records, securities and things

for the purposes of section 11 or of an examination undertaken under section 13.

(2) A witness is liable, on application to the Supreme Court by the Auditor General, to be committed for contempt as if in breach of an order or judgment of the Supreme Court if the witness

(a) is summoned as described in subsection (1) (a), and

(b) fails or refuses to attend or to take an oath described in subsection (1) (b).

(3) If a witness receives

(a) a request described in subsection (1) (b) and fails or refuses to give evidence as requested, or

(b) a request described in subsection (1) (c) and fails or refuses to produce records, securities and things in the witness's custody or possession as requested,

the Auditor General may apply to the Supreme Court for an order that the witness comply with the request.

Protection against lawsuits

18 (1) Subject to subsection (2), no legal proceeding for damages lies or may be commenced or maintained against the Auditor General or a person appointed or engaged under section 8 because of anything done or omitted in

(a) the exercise or intended exercise of any power of the Auditor General, or

(b) the performance or intended performance of any duty of the Auditor General.

(2) Subsection (1) does not apply to a person in relation to anything done or omitted in bad faith.

(3) Subsection (1) does not absolve the Government of the Province of

British Columbia from vicarious liability arising out of anything done or omitted by a person referred to in that subsection for which the Government of the Province of British Columbia would be vicariously liable if this section were not in force.

(4) The Government of the Province of British Columbia must indemnify any person referred to in subsection (1) for any costs or expenses incurred by the person in any legal proceedings taken against the person for anything done or not done in good faith as described in subsection (1) (a) or (b).

Preparation of estimates for appropriation purposes

19 (1) For each fiscal year, the Auditor General must present to the committee

(a) a service plan that includes a statement of goals and identifies specific objectives and performance measures that will be required, and

(b) an estimate of the resources, stated in a form suitable for inclusion in the main estimates that will be required,

to exercise the powers and perform the duties of the Auditor General during the upcoming fiscal year.

(2) The committee must review and may adjust as it considers appropriate the estimate it receives under subsection (1) (b) and must transmit the resulting estimate to the Minister of Finance.

(3) The estimate transmitted under subsection (2) is deemed to be recommended by the committee and must be included by the Minister of Finance as part of the main estimates for the upcoming fiscal year submitted to the Lieutenant Governor for recommendation to the Legislative Assembly.

(4) Notice of meetings of the committee for the purposes of subsection (2) must be given to the Auditor General and to the chair of Treasury Board.

Fees

20 (1) The Auditor General may charge fees, on a basis approved by the committee, for services performed on behalf of the Auditor General.

(2) If a vote described in section 23 (3) of the *Financial Administration Act* providing for the expenses of the Auditor General contains a recovery for fees collected under subsection (1) of this section, the reference in section 23 (3) (c) of the *Financial Administration Act* to the Treasury Board is deemed to be a reference to the committee for the purpose of approving the expenditure by the Auditor General of amounts collected as fees described by subsection (1).

(3) Subsection (2) applies despite the *Financial Administration Act*.

Financial Administration Act and Public Service Act

21 (1) The committee may recommend to Treasury Board that a regulation, an order or a directive made under the *Financial Administration Act* be made inapplicable to, or be varied in respect of, the Auditor General.

(2) The committee may recommend to the minister responsible for the administration of the *Public Service Act* that the *Public Service Act*, or a regulation or an order made under that Act be made inapplicable to, or be varied in respect of, the Auditor General.

Accountability of Auditor General

22 (1) The Auditor General must report each year before June 30 to the Legislative Assembly on the attainment of the goals and the specific objectives and performance measures of the Auditor General set out in the statement referred to in section 19 (1) (a), and this report must include financial statements for the Auditor General prepared in accordance with generally accepted accounting principles.

(2) A report under subsection (1) must compare actual results for the preceding fiscal year with the expected results identified in the service plan for the Auditor General for that fiscal year.

(3) The Auditor General must deliver a report described in subsection (1) to the Speaker and the Speaker must lay the report before the Legislative Assembly as soon as possible.

Audit of accounts of Auditor General

23 (1) The committee must appoint an independent auditor to audit the financial statements of the Auditor General for each of the remaining fiscal years of the Thirty-seventh Parliament of British Columbia.

(2) During the First Session of the Thirty-eighth Parliament of British Columbia, and during the First Session of each Parliament of British Columbia thereafter, the committee must appoint an independent auditor to audit the financial statements of the Auditor General for each of the fiscal years to be completed during the term of the Parliament.

(3) On completing an audit under subsection (1) or (2) for a fiscal year, an auditor must submit a report on the results of the audit to the Auditor General.

(4) An auditor appointed under subsection (1) or (2) may also audit the appropriateness and reliability of the performance information contained in the annual report of the Auditor General.

(5) The report under subsection (3) must be included in the report under section 22.

Consequential Amendments

[Note: See Table of Legislative Changes for the status of these provisions.]

Section(s)	Affected Act
24	*Assessment Authority Act*
25	*British Columbia Transit Act*
26	*Budget Transparency and Accountability Act*
27	*Capital Commission Act*
28	*Community Services Interim Authorities Act*
29	*Creston Valley Wildlife Act*
30 - 32	*Financial Administration Act*
33	*Financial Information Act*
34	*Greater Vancouver Transportation Authority Act*
35	*Homeowner Protection Act*
36	*Income Tax Act*
37	*Institute of Technology Act*
38	*Legal Services Society Act*
39 - 40	*Public Guardian and Trustee Act*
41	*School Act*
42	*University Act*
43	*Workers Compensation Act*

Repeal of former Act

44 The *Auditor General Act*, R.S.B.C. 1996, c. 23, is repealed.

Commencement

45 This Act comes into force by regulation of the Lieutenant Governor in Council.

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